

Message Text

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10

ACTION AF-08

INFO OCT-01 ISO-00 SS-15 SSO-00 EB-07 NSC-05 NSCE-00

COME-00 SP-02 L-03 CIAE-00 INR-07 NSAE-00 INRE-00

XMB-02 OES-06 PRS-01 H-02 TRSE-00 EUR-12 EA-07 /078 W

----- 011245

O R 040801Z JUL 76

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC IMMEDIATE 4827

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

LIMITED OFFICIAL USE PRETORIA 2960

EO 11652 N/A

TAGS ETRD SF

SUBJECT ALLEGED ROLE OF POLITICAL CONSIDERATIONS IN
SOUTH AFRICAN CONTRACT AWARDS

REFERENCE STATE 155448, STATE 165236

1. WE HAVE NO SOLID INFORMATION THAT WOULD SUPPORT THE ASSERTIONS
THAT POLITICAL CONSIDERATIONS ARE A DETERMINING FACTOR IN THE
AWARD OF CONTRACTS BY STATE-OWNED FIRMS.

2. GE REP HERE (TUCKER) SAYS THAT LOEBSER DID NOT TELL HIM THAT
POLITICAL FACTORS DETERMINED THE AWARD OF THE LOCOMOTIVE CONTRACT
TO SIEMENS. RATHER, LOEBSER WENT TO GREAT LENGTHS TO EXPLAIN
THAT TECHNICAL AND FINANCIAL CONSIDERATIONS WERE DETERMINING.
LOEBSER'S EMPHASIS ON THIS POINT WAS SUCH THAT TUCKER'S SUSPICIONS
WERE AROUSED AND HE THOUGHT IT POSSIBLE THAT LOEBSER WAS "PROTESTING
TOO MUCH." SUBSEQUENTLY TUCKER HAD FURTHER TALKS WITH RAILWAYS
TECHNICAL AND FINANCIAL PEOPLE AND TUCKER SAYS HE NOW BELIEVES
THAT POLITICAL CONSIDERATIONS WERE NOT GOVERNING. GE'S BID WAS
THE LOWEST IN PRICE BUT THERE ARE IMPORTANT TECHNICAL DIFFERENCES
BETWEEN THE GE AND THE SIEMENS LOCOMOTIVES AND THESE, ALONG WITH
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FINANCIAL CONSIDERATIONS, COULD EXPLAIN THE CHOICE OF SIEMENS.

TUCKER ALSO SAID THAT HE IS SURE THAT THE SAG WANTS TO KEEP GE
AND ALL OTHER MAJOR SUPPLIERS PRESENT AND BIDDING FOR STATE
CONTRACTS AND DOES NOT WANT TO FORCE ANY OF THEM OUT OF THE MARKET.

3. WE HAVE HAD SOME INDICATIONS THAT THE SAG IS CONSIDERING
HOW IT COULD MAKE BETTER USE OF ITS ECONOMIC BARGAINING POWER
BUT WE KNOW OF NO CONCRETE SAG DECISIONS IN THIS SPHERE. WE WOULD
SAY THAT AS OF NOW THE PROPOSITION THAT THE SAG IS DISCRIMINATING
AGAINST US SUPPLIERS REMAINS TO BE SUBSTANTIATED.
BOWDLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONTRACTS, PROPOSALS (BID), ROLLING STOCK
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PRETOR02960
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760259-0259
From: PRETORIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760790/aaaadbrp.tel
Line Count: 71
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 155448, 76 STATE 165236
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2004 by GarlanWA>; APPROVED <15 OCT 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALLEGED ROLE OF POLITICAL CONSIDERATIONS IN SOUTH AFRICAN CONTRACT AWARDS
TAGS: ETRD, SF
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006